

National Housing Trust Fund Allocation Plan

Louisiana Housing Alliance
State Housing and Homeless Conference

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NHTF Is Block Grant to States



There are two conditions that each state must meet in order to receive its NHTF allocation:

- State must designate entity to administer NHTF and notify HUD Secretary of the administering entity.
 - To date, Louisiana has not submitted a letter to HUD.
 - Assume will be Louisiana Housing Corporation (LHC).
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- State must prepare and submit NHTF Allocation Plan to HUD.

Tentative Timeline



- April 4: HUD announces nearly \$174 million for NHTF for 2016.
- Late April: HUD publishes NHTF Allocation Plan guidance.
- Late April: HUD publishes NHTF allocations to states in *Federal Register*.
NLIHC estimates Louisiana will receive **\$3 million**.
- April-May: Louisiana Housing Corporation (LHC) develops NHTF Allocation Plan following ConPlan public participation procedures, including at least 30-day comment period.
- June: LHC submits NHTF Allocation Plan. HUD has 45 days to review; plan approved after 45 days if HUD does not comment.
- Summer: When Secretary Castro wants to distribute NHTF funds.

Statute, Regulation, or Suggestion?



Information in this presentation is based on:

- NHTF statute is **ST**.
- NHTF regulation is **REG**.
- NLIHC recommendation is **SUG**.

NHTF Allocation Plan and Louisiana ConPlan (part 1)



- NHTF Allocation Plan is part of Annual Action Plan that Louisiana must submit as update to Consolidated Plan (ConPlan).
- Louisiana's last Annual Action Plan submitted on July 28, 2015.
- Louisiana's Division of Administration/ Office of Community Development (DOA/OCD) submits ConPlan and Annual Action Plan.
- LHC will probably draft NHTF Allocation Plan.
- Advocates should ensure coordination between LHC and DOA/OCD.

NHTF Allocation Plan and Louisiana ConPlan (part 2)



- Louisiana’s ConPlan only covers non-entitlement jurisdictions – giving incomplete picture of housing needs.
- Advocates need to be familiar with state ConPlan and state’s public participation process.
- For 2016 NHTF Allocation Plan will be “substantial amendment” to Annual Action Plan.
 - Triggers ConPlan public participation procedures.
 - 30-day comment period is required.

NHTF Allocation Plan and Louisiana ConPlan (part 3)



- Typically, ConPlans and Annual Action Plans submitted via HUD's IDIS electronic system.
 - Until IDIS adapted to NHTF Allocation Plan, it will be submitted as PDF.
- NHTF rule does not address Allocation Plan approval process.
 - Assume is same as ConPlan, meaning 45 days after submitted is accepted, unless HUD raises issues.

Definitions



- **Grantee (ST)**. State entity that prepares NHTF Allocation Plan, receives NHTF dollars, administers NHTF.
- **Subgrantee (REG)**. State may choose to designate local jurisdiction to administer NHTF in a city or county.
- **Eligible Recipient (ST)**. Organization or agency that applies to grantee for NHTF money to carry out NHTF project.

NLIHC Suggestions (Part 1)

ALL SUG

- Advocates should seek **deepest possible affordability** for rents in NHTF-assisted units and **longest possible affordability periods**.
- All funds in first year should be used for **rental housing**.
- All funds should be distributed by states to eligible recipients (no subgrantees).

NLIHC Suggestions (Part 2)

ALL SUG

- All funds first year should be used to expand ELI housing.
 - Prevent supplanting.
 - Minimize use for preservation of existing federally assisted housing.
- Maximize affordability,
 - Projects should have as little debt service as possible.
 - Grants or no interest loans preferred.
- Given small amount of money first year, focus on projects with most impact.
 - Don't give small amounts of money to many projects.

14 Elements of NHTF Allocation Plan



(those in **bold** covered here) Part 1

- 1. Description of distribution of funds (ST)**
- 2. Application requirements (REG)**
- 3. Criteria for selecting applications submitted by recipients (ST)**
- 4. State's maximum per-unit development subsidy limit for NHTF-assisted housing (REG)**
5. If funds used for first-time homebuyers, identify resale or recapture provisions (REG)
6. Whether state will distribute funds directly, and/or use subgrantees (REG)
- 7. Funding priority based on six factors (ST)**

14 Elements of NHTF Allocation Plan



(those in **bold** covered here) Part 2

8. **Description of eligible activities and recipient eligibility requirements (ST)**
9. Recipient certification, NHTF-assisted units will comply with NHTF requirements (ST)
10. **Performance goals and benchmarks consistent with state's proposed accomplishments (ST)**
11. Rehabilitation standards NHTF-assisted projects must meet (REG)
12. NHTF affordable homeownership limits (REG)
13. **Preferences or limitations to a particular segment of ELI population (REG)**
14. Refinancing requirements and conditions (REG)

1. Description, Distribution of Funds

(Part 1)



All SUG

- LHC will use **Request for Proposals (RFPs)** describing:
 - Eligible applicant,
 - Eligible activities,
 - What must be included in an application,
 - When and where applications are to be submitted,
 - Application evaluation criteria,
 - Who will review applications, and
 - When grant awards are to be made.
- RFP will indicate ConPlan **priority housing need(s)** Louisiana intends to address based on NHTF public participation process.

1. Description, Distribution of Funds

(Part 2)



All SUG

- LHC convenes application review panel composed of:
 - state officials
 - at least two private housing and homeless advocates not affiliated with applicants.
- LHC determines which applications meet requirements.
- Panel members independently review and rate applications.
- Panel meets, reconciles scores, decides recipients.
- LHC executes contracts.

2. Application Requirements (Part 1)



LHC details application requirements in RFPs. NLIHC suggests they include (SUG):

- Project information similar to LIHTC applications.
- How project responds to Louisiana's priority housing needs.
- How project responds to six priority factors in statute.
- Plan and methods for achieving affordability (rent at no more than 30% of household income) for households at 30% AMI, 20% AMI, and 10% AMI.
- How NHTF-assisted units will be integrated with units having higher income targeting.

2. Application Requirements (Part 2)



LHC details application requirements in RFPs. NLIHC suggests (SUG) they include:

- How project affirmatively furthers fair housing.
- Description of tenant recruitment and selection process.
- Definition of a successful resident; description of services and subsidies to be provided to maximize resident success.
- Applicant's credentials to carry out project, including evidence of successful completion and operation of similar projects.

3. Criteria for Selecting Applications

(Part 1)



NLIHC suggests (SUG):

a. Threshold criteria:

- Responsiveness to application requirements.
- Project reflects priority housing need(s) in ConPlan.

b. Final criteria, rating based on:

- Six priority factors in statute.
- Creativity and innovation.
- Feasibility.
- Potential for resident success.
- Applicant's credentials.

3. Criteria for Selecting Applications

(Part 2)



According to the Louisiana 2015-2019 ConPlan:

“...the most common housing problems are cost burdens, overcrowded housing, and substandard housing conditions, especially among households with incomes between 0–30% of the area median income (AMI).” [page 23]

“Decent, safe, and energy-efficient housing is most needed among the state’s poorest renters (0-30% AMI).” [page 60]

3. Criteria for Selecting Applications

(Part 3)



According to the Louisiana 2015-2019 ConPlan:

“Forty-eight percent of all owner and 67% of all renter households in the 0-30% AMI are severely impacted by housing cost burden greater than 50%.” [page 61]

Relevant to the NHTF is **acquisition, rehabilitation, and production of new multifamily rental units** for: extremely low and low income, large families, families with children, and elderly. [pages 92-93]

4. Louisiana's Maximum Per-Unit Development Subsidy Limit



Louisiana must set maximum limits on total amount of NHTF funds that can be invested per-unit:

- Adjustments based on number of bedrooms and location.
- Limits must be reasonable and based on actual costs. REG

HUD will issue guidance.

- Limit likely to be higher than HOME limits.
- HUD recognizes that deeper targeting for NHTF units will require more subsidy.

7. Six Priority Factors (Part 1)

Factors (ST), Weighting (SUG)

Statute and regulation do not weigh factors.

NLIHC suggests awarding NHTF to applicants based on applicant's total points, up to 100 points (SUG).

a. Geographic diversity. **(Maximum points = 0)**

b. Applicant's ability to obligate funds and undertake activities in a timely manner.

(Maximum points = 10)

7. Six Priority Factors (Part 2)

c. For rental housing:

- “extent to which rents...are affordable, especially for ELI households” (ST);
- “extent to which the project has federal, state, or local project-based rental assistance so that rents are affordable to extremely low income families (REG).

(Maximum points = 40)

d. For rental housing, duration of unit’s affordability period. **(Maximum points = 15)**

7. Six Priority Factors (Part 3)

- e. Merits of application in meeting state's priority housing needs. **(Maximum points = 25)**
- f. Extent application makes use of non-federal funding sources. **(Maximum points = 10)**

Factor a: Geographic Diversity

Geographic diversity (ST). (Maximum points = 0)

Given relatively small amount of money available first year,

NLIHC suggests focusing on projects with most impact, rather than distributing small amounts of money to many projects (SUG).

Factor b: Ability to Obligate Funds



Applicant's ability to obligate funds and undertake activities in a timely manner (ST). (Maximum points = 10)

- Regulation defines “commitment” for recipients as:
 - For new construction or rehabilitation, starting construction within 12 months of date of contract between recipient and state (REG).
 - For acquisition of existing housing, receipt of title within 6 months of date of contract between recipient and state (REG).

Factor c: Rent Affordability



For rental housing, extent to which rents are affordable, especially to extremely low income families (ST).

*For states, rule is extent to which project has federal, state, or local project-based rental assistance so rents are affordable to extremely low income families (REG). **(Maximum points = 40)***

- “Affordable” defined as not paying more than 30% of household income for housing costs, including utilities (SUG).
- Project-based rental assistance includes, but not limited to, unit-based rental assistance, operating subsidies, or cross-subsidization of rents within project (SUG).
- 33% of state’s NHTF allocation may be used for operating cost assistance and/or operating cost assistance reserves for NHTF-assisted units (REG).
 - NOTE: HUD intends to issue guidance on operating costs for NHTF in the next year.

Factor d: Duration of Affordability



For rental housing, duration of the units' affordability period (ST). (Maximum points = 15)

- Minimum affordability period is 30 years (REG).
- Extent project exceeds 30 year minimum determines duration points, to maximum of 15 points for projects that commit to affordability in perpetuity (SUG).

Factor e: Merits of the Application

(Part 1)

Merits (ST) of application in meeting state's priority housing needs (REG). (Maximum points = 25)

- Extent project meets needs of lowest income households within state's priority housing needs (SUG).
- Examples (SUG):
 - Projects serving special needs populations, homeless, individuals leaving correctional institutions.
 - Projects affordable to households with income less than 15% of AMI.
 - Projects proposed by nonprofits.
 - Phased rehabilitation projects that do not cause displacement.

Factor e: Merits of the Application

(Part 2)



According to the Louisiana 2015-2019 ConPlan:

“...the most common housing problems are cost burdens, overcrowded housing, and substandard housing conditions, especially among households with incomes between 0–30% of the area median income (AMI).” [page 23]

“Decent, safe, and energy-efficient housing is most needed among the state’s poorest renters (0-30% AMI).” [page 60]

Factor e: Merits of the Application

(Part 3)



According to the Louisiana 2015-2019 ConPlan:

“Forty-eight percent of all owner and 67% of all renter households in the 0-30% AMI are severely impacted by housing cost burden greater than 50%.” [page 61]

Relevant to the NHTF is **acquisition, rehabilitation, and production of new multifamily rental units** for: extremely low and low income, large families, families with children, and elderly. [pages 92-93]

Factor f: Use of Non-Federal Resources

Extent application makes use of non-federal funding (ST).

(Maximum points = 10)

- Extent application makes use of:
 - State and local publicly-controlled funds and/or land donated by state or local government to achieve deep affordability for ELI households (SUG).
 - Private funds or in-kind commitments, including donation of land, for production, preservation, or operation to achieve deep affordability for ELI households (SUG).

8a. Eligible Activities



NLIHC suggests eligible activities be limited to:

- Production and rehabilitation of rental housing affordable to extremely low income households (SUG).
- Up to 33% for operating cost assistance and/or operating cost assistance reserves (REG).

SUG: “Louisiana does not intend to permit NHTF funds to be used for homeownership activities or for new construction, rehabilitation, or preservation of federally assisted housing in the 2016 funding cycle.”

8b. Eligible Recipients (Part 1)

Eligible recipient is organization, agency, including for-profit or nonprofit (ST), or public housing agency (REG).

Consider limiting recipients to nonprofits first year, or to for-profits that limit profits or rate of return (SUG).

8b. Eligible Recipients (Part 2)

Eligible recipient must:

- Have demonstrated experience and capacity to conduct NHTF activity, evidenced by ability to:
 - Own, construct, or rehabilitate, and manage and operate affordable multifamily rental housing (ST); and
 - Serve extremely low income households and special needs populations, such as homeless families and people with disabilities (SUG);

8b. Eligible Recipients (Part 3)

Eligible recipient must:

- Demonstrate ability and financial capacity to undertake, comply, and manage activities (ST);
- To ensure program compliance, demonstrate familiarity with requirements of other federal, state, or local housing programs that may be used with NHTF, (ST);
- Make assurances it will comply with NHTF program requirements (ST).

10. Performance Goals and Benchmarks (Part 1)



Refers to proposed accomplishments in affordable housing section of Strategic Plan part of ConPlan.

State must specify number of extremely low income families and homeless persons for whom state will provide affordable rental housing.

Affordable rents defined as not exceeding greater of 30% of federal poverty line or 30% of 30% AMI (REG).

10. Performance Goals and Benchmarks (Part 2)



To achieve maximum affordability, NHTF Allocation Plan should set performance goals about (SUG):

- How many extremely low income families and homeless people will have affordable housing, with affordability defined as 30% of household income (SUG), or
- How many households will have rents set at 30% of 20% AMI or 30% of 10% AMI (SUG).

10. Performance Goals and Benchmarks (Part 3)



2015-2019 Louisiana ConPlan affordable housing goals:

- With HOME [page 114]:
 - Construct 915 rental units
 - Rehab 626 rental units
- With CDBG-DR funds [page 117]:
 - Construct 1,386 rental units
 - Rehab 862 rental units
- ConPlan regulations require states to present goals indicating how many assisted households will be extremely low income, low income, and moderate income, the Louisiana ConPlan does not indicate goals by income category.

14. Preference or Limitation to Particular Segment of ELI Population (Part 1)



Louisiana can limit or give preference to a particular segment of ELI population based on priority housing needs in ConPlan.

Any preference or limitation must be in written agreement between state and recipient (REG).

- Louisiana 2015-2019 ConPlan lists as high priority, array of population characteristics too broad to be genuine indication of priority housing needs.
- Relevant to NHTF is acquisition, rehabilitation, and production of new multifamily rental units for: extremely low and low income, large families, families with children, and elderly. [pages 92-93]

14. Preferences or Limitations to Particular Segment of ELI Population (Part 2)



Any limitation or preference must not violate nondiscrimination requirements.

Fair housing requirements, including affirmatively further fair housing, apply to NHTF program.

Limitation does not violate nondiscrimination requirements if housing also receives funding from federal program that limits eligibility to particular segment of population (e.g. Housing Opportunity for Persons Living with AIDS, Section 202, and Section 811) (REG).

For More Information



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Questions?

